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Spy Case Is Said to Point Out Weakness in U.S. Operations

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WASHINGTON — One day before a former official of the National Security Agency walked into the Soviet Embassy to make his first delivery of highly sensitive intelligence information, Federal agents intercepted a telephone call setting up the meeting, according to law-enforcement officials.

But according to the officials, the tape of this conversation was not transcribed for several days, too late to warn the Federal agents watching the embassy on Jan. 15, 1980, to be on the alert for the arrival of a potential spy. That is when the Government contends that the former security agency official, Ronald W. Pelton, walked through the doors.

It was not until late 1985, five years later, that a tip from a Soviet defector led to an investigation that enabled the Government to identify Mr. Pelton and to charge him with espionage. He has pleaded not guilty and his lawyers have moved to block the prosecution from using his admissions of spying to agents of the Federal Bureau of Investigation.

The bureau's failure in 1980 to coordinate the intercepted phone call with its normal surveillance of the embassy underscores what officials say were serious shortcomings in American counter-intelligence operations.

Law-enforcement officials acknowledged that the Pelton case pointed up flaws, but they contended that much higher spending on the F.B.I.'s counterintelligence programs had brought significant improvements in recent years. These include having an agent listening to intercepted telephone calls to and from Soviet facilities as they occur, officials said.

Government officials have been reluctant to discuss the damage caused by Mr. Pelton beyond saying it was significant and costly and that it involved projects aimed at collecting intelligence about the Soviet Union. In the months since his arrest, however, pre-trial testimony and court papers have disclosed a host of new details about the cloak and dagger struggles between Soviet spies and the American agents who try to detect them.

It is a world in which small failures have enormous consequences. Because American agents failed to detect Mr. Pelton at either the Soviet Embassy or in his two subsequent meetings with Soviet agents in Vienna, American intelligence did not learn for years of the possible compromise of highly sensitive projects of the security agency.

Shaving a Beard

The case disclosed new details about the routine of espionage, called tradecraft. Mr. Pelton, for example, shaved off his beard while inside the Soviet embassy to avoid being recognized when he departed, according to F.B.I. testimony.

Mr. Pelton himself was well aware of the difficulties in assembling an espionage case, at one point telling two F.B.I. agents that they had no witnesses and no documents to back up their case.

Court testimony in recent months has also provided new details about the potentially wide-ranging access Mr. Pelton had to the security agency's secrets.

Phillip C. Ambler, his supervisor at the security agent from 1974 to 1976, testified at a pretrial hearing that Mr. Pelton had an extraordinary memory for technical details and that he managed his department's budget of millions of dollars. This is significant because a budget officer would have been familiar with both existing programs and proposals for intercepting Soviet communications.

Records Show Access to Data

But court records showed that Mr. Pelton had access to classified data going well beyond his own duties. Mr. Ambler testified that senior officials from other parts of the agency were so impressed with his memory and grasp of technical detail that "superiors well above him in the chain of command would consult him." Mr. Ambler described his position as a cryptanalyst, or codebreaker.

Officials involved in assessing the damage caused by Mr. Pelton declined to comment.

Other Administration officials said, however, that the security agency had fought hard in internal Government struggles against making public details of the programs reportedly compromised by Mr. Pelton.

Trial May Be Delayed

Mr. Pelton's case is set for trial this month, but officials said it is likely to be rescheduled. In the meantime, the reported disclosures by Mr. Pelton have become the center of a new controversy between the press and the Government.

Officials said that The Washington Post had obtained information regarding Mr. Pelton, and that William J. Casey, the Director of Central Intelligence, had asked editors at The Post not to publish the material. Mr. Casey said he also warned The Post they could be prosecuted for printing the information.

Mr. Pelton's voice was first heard by F.B.I. agents when they transcribed the tape of a telephone call Jan. 14, 1980. According to court papers, the agents heard an unidentified male tell the Soviets he would like to talk about some "very interesting" information that he did not want to discuss on the phone.

Invitation, Records Show

A Soviet official invited him to come to the embassy in half an hour, according to court papers quoting the intercepted call. But Mr. Pelton said it would take him at least that long to drive to the embassy. A meeting was set for the next day.

Mr. Pelton told F.B.I. agents last year in two interviews that he took no classified documents into the embassy. He said he carried a photograph from a class of the National Security Agency and a certificate showing he had completed the class.

When bureau agents confronted Mr. Pelton last year, they asserted Mr. Pelton spent more than three hours inside the embassy. They contended he was "shown a document by the Soviets and asked to explain how the Soviets were losing intelligence information."

Mr. Pelton told the bureau agents that in his first conversation with the Soviet agents, he chose to disclose a project that they "could readily understand without much technical discussion," according to a prosecution memorandum.

After this first meeting, the Soviet agents went to great length to avoid Mr. Pelton's detection. They shaved off his beard and then sent him out an entrance not typically used by visitors, according to pretrial testimony by a bureau agent, David Faulkner.

Importance of the N.S.A.

The N.S.A., the agency for which Mr. Pelton worked for 14 years, is one of the most secret in the United States Government. It is responsible for intercepting all manner of coded and open transmissions around the world. The agency's projects include such efforts as intercepting microwave telephone conversations, breaking coded diplomatic communications and monitoring data sent back to earth by Soviet test launches of rockets.

The Soviet agents were apparently pleased with their surprise visit from Mr. Pelton and set up to two trips to Vienna, where he met with Anatoly Slavnov, a Soviet intelligence agent, according to law-enforcement officials. These sessions, Mr. Pelton told bureau agents, lasted eight hours a day for three to four days. He answered a number of written questions "about practically every area of sensitive information he had encountered in his years at N.S.A.," prosecutors contend.

The meetings took place at the home of the Soviet Ambassador and he was paid more than \$35,000, prosecutors have charged.

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Former intelligence officials critical of the Central Intelligence Agency's counterintelligence activities argue that this was another flaw in the system. They say that effective counterintelligence should have noticed that the Soviet Union was bringing together technical experts to question a major intelligence catch. They contend that failure to pick up such signals, or to recognize that the Ambassador's guest was a former American intelligence official, was attributable to a reduction in the number of agents watching Soviet facilities abroad.

The F.B.I. is responsible for counterintelligence at home while the C.I.A. performs such functions abroad.

Mr. Pelton has not given American officials a complete description of what information he turned over to the Soviets. According to prosecutors, he acknowledged that "they got more out of me than I wanted to give up."

The first tip on Mr. Pelton came from Vitaly Yurchenko, the Soviet defector, according to testimony by Mr. Faulkner. Mr. Yurchenko, a former high-ranking official of the K.G.B., the Soviet intelligence agency, who fled to the West last year, was one of the Soviet officials who spoke with Mr. Pelton on the telephone, prosecutors have said.

Mr. Yurchenko did not know Mr. Pelton's name, but he was able to provide sufficient details about him to lead to the F.B.I. investigation, according to law enforcement officials. Mr. Yurchenko has since returned to the Soviet Union, asserting that he had been kidnapped by United States intelligence agents. United States intelligence officials have nonetheless concluded that he was a bona fide defector who provided reliable information.